

AMENDED IN SENATE SEPTEMBER 6, 2005

AMENDED IN SENATE JUNE 9, 2005

AMENDED IN ASSEMBLY MAY 4, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 970

Introduced by Assembly Members ~~Yee, Mullin, and Ruskin~~

Member Torrico

(Principal coauthors: ~~Senators Simitian and Speier~~)

February 18, 2005

~~An act to add Chapter 2.995 (commencing with Section 7286.90) to Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to taxation.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 970, as amended, ~~Yee Torrico. Transactions and use taxes: County of San Mateo: parks and recreation. Tax administration: tax returns: nonresident directors.~~

Existing income tax laws authorize the Franchise Tax Board to provide for the filing of a group return for electing nonresident partners, as specified.

This bill would authorize the board to provide for the filing of a group return for electing nonresident directors of a corporation, as specified, and to adjust the income of those taxpayers to properly reflect income, as provided.

~~The Transactions and Use Tax Law authorizes counties to levy transactions and use taxes as special taxes in accordance with the procedures and requirements set forth in that law.~~

~~This bill would authorize the County of San Mateo to impose a transactions and use tax for specified park and recreation purposes if certain conditions, including $\frac{2}{3}$ voter approval, are met. This bill would also specify that, if the special tax authorized by the bill is imposed, the imposition would be in lieu of a specified transactions and use tax that the county would otherwise be authorized to impose as a special tax.~~

~~This bill would make legislative findings and declarations as to the necessity of a special statute.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 18536 is added to the Revenue and
2 Taxation Code, to read:

3 18536. (a) In lieu of electing nonresident directors filing a
4 return pursuant to Section 18501, the Franchise Tax Board may,
5 pursuant to requirements and conditions set forth in applicable
6 forms and instructions, provide for the filing of a group return by
7 a corporation for electing nonresident individuals who receive
8 wages, salaries, fees, or other compensation from that
9 corporation for director services, including attendance of board
10 of directors' meetings that take place in this state. The tax rate or
11 rates applicable to each director's compensation for services
12 performed in this state shall be the highest marginal rate or rates
13 provided for by Part 10 (commencing with Section 17001) of
14 Division 2 and no deductions or credits should be allowed. As
15 required by the Franchise Tax Board, the corporation, as the
16 agent for the electing nonresident directors, shall make the
17 payments of tax, additions to tax, interest, and penalties
18 otherwise required to be paid by, or imposed on, the electing
19 directors.

20 (b) The Franchise Tax Board may adjust the income of an
21 electing nonresident taxpayer included in a group return filed
22 under this section to properly reflect the income under Part 10
23 (commencing with Section 17001) of Division 2.

24 ~~SECTION 1. Chapter 2.995 (commencing with Section~~
25 ~~7286.90) is added to Part 1.7 of Division 2 of the Revenue and~~
26 ~~Taxation Code, to read:~~

~~CHAPTER 2.995. SAN MATEO COUNTY TRANSACTIONS AND
USE TAX FOR PARKS AND RECREATION PURPOSES~~

~~7286.90. (a) In addition to the tax levied pursuant to Part 1.5 (commencing with Section 7200) and any other tax authorized by this part, the Board of Supervisors of the County of San Mateo may impose a transactions and use tax in lieu of, and not in addition to, a tax imposed under Section 7285.5 for the purposes described in paragraph (4), by the adoption of an ordinance in accordance with this part if all of the following conditions are met:~~

~~(1) The ordinance imposing the tax is approved by a two-thirds vote of all members of the board of supervisors and is subsequently submitted to and approved by the voters of the county by a two-thirds vote of those voters voting on the ordinance in accordance with Article 3.7 (commencing with Section 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.~~

~~(2) The ordinance includes an expenditure plan describing the purposes for which the revenues from the tax may be expended, consistent with the purposes described in paragraph (4). The plan may provide for distribution of revenues to cities and special districts within the county for implementation of the plan.~~

~~(3) The tax is imposed at a rate of 0.125 or 0.25 percent for a specified period of time.~~

~~(4) The revenues collected from the tax are used only for park and recreation acquisition, improvements, maintenance, programs, and operations within the incorporated and unincorporated areas of the county.~~

~~(5) The transactions and use tax conforms to Part 1.6 (commencing with Section 7251).~~

~~(b) Notwithstanding paragraph (3) of subdivision (a), the Board of Supervisors of the County of San Mateo may impose a transactions and use tax in any succeeding period if all of the conditions specified in subdivision (a) are met for that succeeding period.~~

~~SEC. 2. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique fiscal pressures being~~

- 1 ~~experienced by the County of San Mateo in providing essential~~
- 2 ~~park and recreation services.~~

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